GOVERNMENT OF INDIA
SHIPPING
LOK SABHA

UNSTARRED QUESTION NO:2081
ANSWERED ON:10.03.2016
Reform in Shipping Sector
Kamaraaj Dr. K.

Will the Minister of SHIPPING be pleased to state:

(a) the details of policy adopted by the Government for reforms in the shipping sector and capacity enhancement of ports including Chennai port;
(b)the share of the country in the global ship-building capacity and the steps taken by the Government to enhance the said capacity;
(c)whether the Government has set up proposes to set up a regulatory authority for shipping industry and ports; and
(d) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF SHIPPING
(SHRI PON. RADHAKRISHNAN)

(a) In order to make the Indian shipping industry attractive and more competitive, the Government has exempted Customs and Excise Duty leviable on bunker fuels used in Indian flag vessels for transportation of mix of EXIM, domestic and empty containers between two or more ports in India. Government has brought in a uniform abatement of service tax for transportation of goods by rail, road and sea vessels. Indian shipping industry has been provided cargo support through Right of First Refusal (RoFR). Besides this, Government has taken a policy decision to allow shipping enterprises based in India to acquire ships abroad and also flag them in the country of their convenience. As a step towards promoting "Ease of Doing Business" methodology for computation of period of stay of seafarers in India has been redefined.

Major ports are regularly enhancing their capacity by means of mechanisation, capital dredging, rail-road connectivity and capacity augmentation projects both through PPP mode and internal resources. In 2015-16, 70.56 million ton capacity has been augmented in Major ports out of which Chennai Port's share is 5.00 million tons.

(b) The Indian shipbuilding industry had a share of 1.24%% in 2007 in the global order book, which has shrunk to 0.1% in 2014. To counter cost disadvantage vis-a-vis imported ships, Government on November 24, 2015 has exempted customs and central excise duties on inputs used in shipbuilding. Government has recently decided to (i) extend financial assistance for Indian shipyards equal to 20% of the lower of the "Contract Price" or the "Fair Price" of each vessel built by the shipyards for a period of at least ten years commencing from 2015-16. (ii)Revision of domestic eligibility criteria to ensure that all the government departments or governmental agencies such as CPSUs procuring vessels for governmental purposes or for own purposes shall undertake bulk tendering for their vessel related requirements with deliveries starting from 2017-2018 with a Right of First Refusal (RoFR) for Indian shipyards and shall ensure that from 2025 onwards, only Indian-built vessels are procured for governmental purpose or for own purpose. Further, The Institutional Mechanism on Infrastructure has recommended inclusion of shipyards as "Infrastructure"

(c)&(d):The Indian shipping and ports sector already has regulatory authority in the form of Directorate General of Shipping and Tariff Authority for Major Ports.
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